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Pakistan at a Landmark

Indonesia Seeks Cooperation

Asia's "Educated Unemployed"

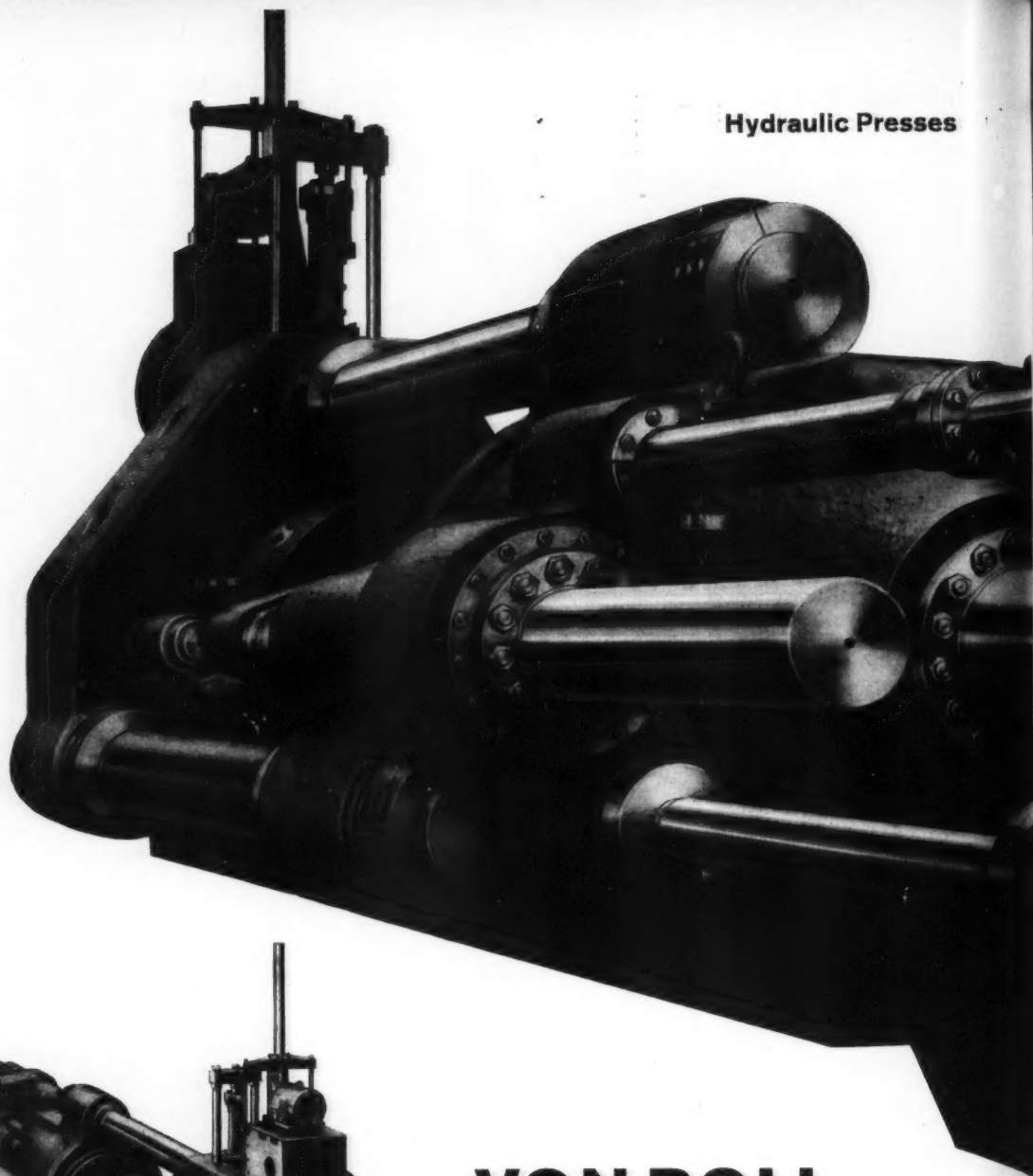
Foreign Aid to Ceylon

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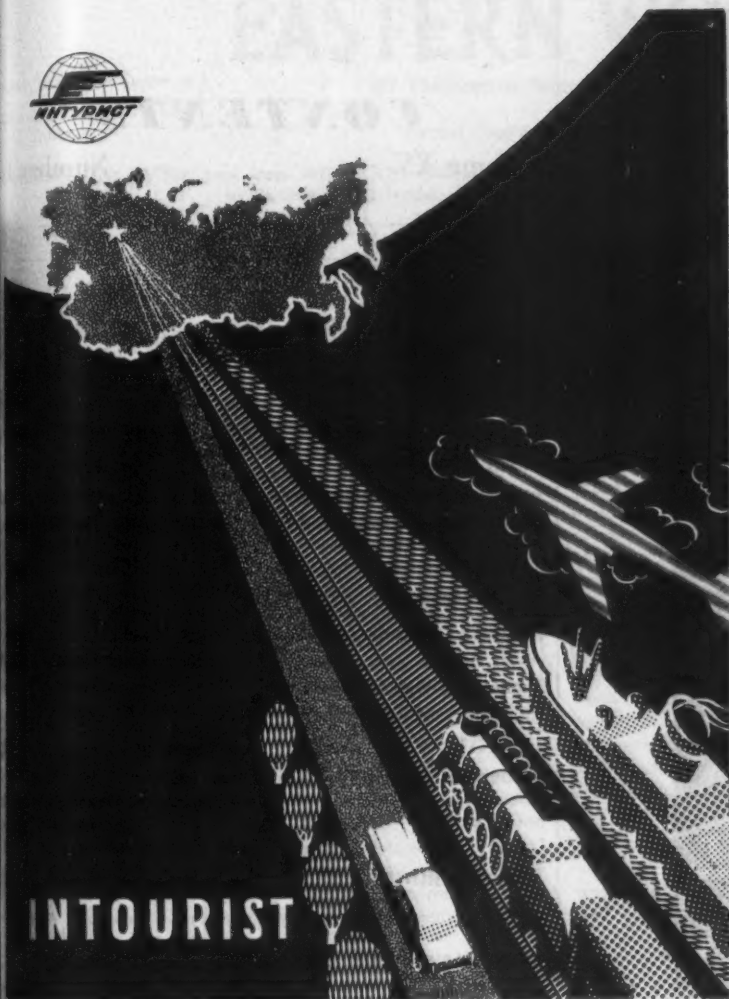


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The Editor does not hold himself responsible for opinions expressed in signed articles.

EASTERN WORLD

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Ailing Amerasia

GENERAL Maxwell Taylor, President Kennedy's personal military adviser, was sent last month on a reconnaissance tour of South-East Asia, to make a general review of US strategy for the area. Ever since 1948, when for the first time an American general and American troops were sent abroad to prevent a victory of Communist guerrillas, on that occasion General Van Fleet with an expeditionary force to Greece, the pattern has been set for American global policy. With it has spread, in quarters with past experience of colonialism, the suspicion that this is the up-to-date shape of colonialism, geared to the twentieth century.

Rumours are now rife that in the present state of near-collapse of the Ngo Dinh Diem administration in South Vietnam, America may commit her troops to direct operations against the Vietcong, the rebel peasantry believed to be under the influence of the North Vietnam Communists. According to press reports these rebels are now operating within a few miles of Saigon, besides holding all over the country sizeable pockets which Diem's forces dare not attack. The suggestion has been made in the US that a large number of experienced military staff might be sent to train Vietnamese recruits, at the same time as General Taylor makes an assessment of the economic and social measures essential to prevent the total collapse of Diem's regime.

In Laos also, General Taylor would study the situation as Kennedy's personal emissary. Last month, after Averell Harriman's visit to Vientiane, the three Laotian princes, Boun Oum, Souphanouvong and Souvanna Phouma, agreed to form a coalition cabinet under the latter, who makes no secret of his neutralist leanings. But the actual formation of an interim cabinet has been held up while the Americans insist they must inspect the proposed ministers to make sure they are of a character likely to "insure" the neutrality of Laos. Supposing the Laotians do get a government of their own choosing, the US delegates to the Geneva Conference still insist that the International Control Commission must have powers to "insulate" Laos from outside influences.

Even those with the greatest goodwill for the Kennedy administration find it difficult to make head or tail of its intentions. One suggestion is that the President hopes the Taylor report may help him to resist the demands for greater military involvement in Asia. He is determined, it is said, to bring about a new relationship in these areas.

A different view is that the Taylor mission constitutes another example of continuing confusion in American diplomatic thinking. As long as ten years ago, the Americans were

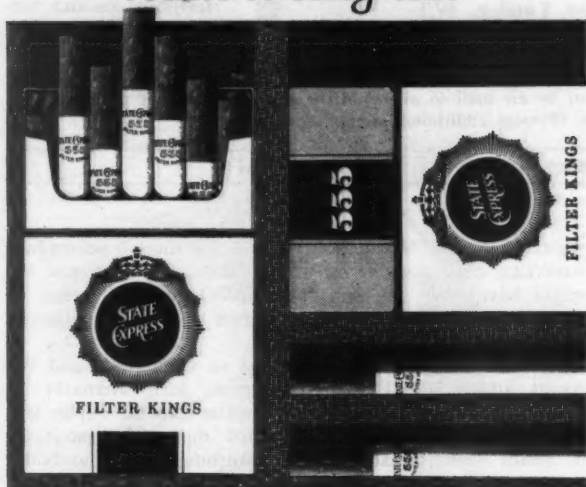
searching for an "Asian policy", and this journal remembers American cynics saying even then that "any day now we might have one". In spite of SEATO and the spread of American commitments to every corner of Asia, the situation seems to have changed very little.

Nor has it changed with regard to Cambodia, and the recent attacks by Thailand's Marshal Sarit Thanarat on Prince Sihanouk at the same time while General Taylor was making arrangements for intensified military preparations in South Vietnam, are a very disturbing sign. Cambodia has always been a neutral thorn in the martial loins of US generals, and there have been many open and surreptitious attempts to undermine Prince Sihanouk's insistent non-aligned policy. But that just now Cambodia is again subjected to fierce, and totally unwarranted accusations of allowing herself to be used as a "springboard for Communist aggression", confirms the impression that the US, not satisfied with the possible solution to the Laotian question by the Laotians themselves, is setting the stage for another Korea in Indochina. In that case Cambodian neutralism would be the first victim.

Berlin "crisis"

PRIME Minister Macmillan did well to warn against a panic over Berlin. The behaviour of the western powers over the so-called "Berlin crisis" has been closely followed in Asia, but seems to have found little support. Indeed, Asian interpretation of western policy has not been very flattering, and has underlined the change between the UK attitude in this question and that of the Commonwealth Governments of India and Ceylon. To begin with, the hysteria which obsessed the West about Berlin was not shared by Commonwealth and other Governments in South-East Asia. Had Mr. Khrushchev threatened to annex Berlin, or to attack it with arms, the panic would have been understandable. But all he did was to declare that he wanted to withdraw from Berlin. Had Mr. Khrushchev imperilled western occupation rights in Berlin or questioned the security of their supply lines, western alarm could have been comprehended. But almost every Russian statement on the subject contained offers of guarantees for the safe continuance of western rights in Berlin. Further, President Kennedy's impassioned assurances that the US would, if need be, fight to safeguard the interests of the West, did not have the desired impact as he forgot to reveal what exactly these interests were. Unless, of course, it is in the interests of the West to perpetuate the present situation *ad infinitum*. West Berlin, an island in a state which, like China, has not yet been discovered by the

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US, is an excellent vantage point for many cold war activities. Today, 16 years after the end of the war, "free" Berlin is still occupied by British, American and French troops and is the seat of dozens of propaganda and espionage organisations which thrive on East-West Tension as much as they create it. An economic offensive directed against East Germany is operated from West Berlin with the help of an artificial, subsidized exchange rate for the East mark-manipulations which cost the German Democratic Republic about 3.5 thousand million marks a year. West Berlin is used for every conceivable assault on East German interests. Despite its apparent prosperity, West Berlin is subsidized to the tune of 1,250 million marks per year by Bonn. That this state of affairs cannot go on for ever, is obvious to all those who recognize the fact that there are two Germanies and that not Berlin, but the wider German problem, closely linked with the whole question of peace in Europe, is the real issue. The USSR proposes to solve it by concluding a peace treaty with Germany, both Germanies or East Germany alone, either with or without the consent and cooperation of the West. It is this prospect which has alarmed the West so much, as if the US peace treaty with Japan—also concluded bilaterally and without the consent of all the allies—had never taken place. The importance of the German question for the rest of the world is obvious: as long as the present distrust over Berlin and Germany prevails, there is no hope of achieving an atmosphere conducive to general disarmament talks.

Presidents Nehru and Sukarno as well as other neutrals at the Belgrade conference have called for a common sense reassessment of the situation. They felt that the problem should be settled by peaceful means and that every attempt should be made to start negotiations soon. Belligerent pronouncements on either side will not help. If the West does not want to sign a peace treaty with Germany, it will have to accept reality by recognising the borders between East and West Germany, thus according the German Democratic Republic some form of de facto recognition. It will further have to cooperate in the creation of a nuclear-free zone between the two blocs. This would help to avoid a further crisis and the Berlin "crisis" would settle itself.

Japan Disappointed

JAPAN, despite her current prosperity, is finding herself in an uneasy position. After having been warned by the USSR that the continued presence of American military bases is a threat to their safety, even if a conflict were to break out not in Asia, but in Europe, Japanese now find that their close alliance with the US is not paying the expected dividends and that, after having lost their security, they may also lose their prosperity. Tokyo is still discussing the results of Prime Minister Hayato Ikeda's recent visit to Washington and of his talks with President Kennedy, which are considered unfavourable in Japan. While the US insists on the strict fulfilment by Japan of all obligations under the military alliance, she herself is unwilling to make any concessions to the Japanese even on matters of secondary importance. Thus the question of the return of the Ryukyu Islands has still not been brought nearer to a solution, and permission to fly the Japanese flag on national holidays or tax concessions for the population of Okinawa under the occupation authorities, have also been turned down by President Kennedy. Premier Ikeda's attempts to obtain US consent for the Japanese airline "Nihon Koku" to fly from Tokyo to New York have been rejected under the excuse that other airlines are also barred from crossing the American continent. This is felt as a discrimination against Japan, as US airlines have the unrestricted right to fly across the whole of Japan. Further, Japanese indignation is mounting against US restrictive practices in navigation and trade. Particularly the new American restrictions on the tariffs of allied shipping companies are considered to be directed against Japan. The loudest complaints, however, are about the protectionist policies like the customs tariffs which the US has raised against Japanese goods, especially textiles. This situation has resulted in the US exporting more to Japan than she buys from her ally, while at the same time American super-imposed policy prevents the expansion of Japan's foreign trade in other directions, particularly with China. It has also been noted with some disappointment that recent attempts by Foreign Minister Kosaka to improve Japan's position in what many consider an unequal alliance, led to no more than a statement by him and Secretary of State Dean Rusk that the present situation was unfavourable for reviewing US-Japanese relations. The feeling in Japan is growing that they are getting the worst of a bargain which continues to rob them of the possession of the Ryukyus, exposes them to Russian hostility and instant pulverisation in a case of war, hampers their trade interests in the US and prevents them from entering a good neighbour policy and lucrative trade with the socialist countries.

PAKISTAN AT A LANDMARK

H. C. TAUSSIG

KARACHI is the gateway to Pakistan. It is at its big sea or air ports that the visitor arrives, and it is Karachi which offers the first authentic impression of the whole country. It is true that Pakistan, the fifth largest country in the world, with its 365,000 square miles and a population of 94 million of whom only about 15 per cent live in urban areas, cannot be understood by merely visiting its largest city. However, during a recent journey which took me over most parts of West Pakistan, I realized that the first impact of Karachi constituted the key to almost all the country's questions and problems, and that most of the political and economic trends as well as the atmosphere prevailing throughout the country can be gauged in that astounding city. The positive and negative features of the whole country mirror themselves there in a way which makes the subsequent journey into the interior more a quest for confirmation than discovery, apart, of course, from the scenic differences—which are overwhelming—and the various local problems which become overmagnified the nearer one gets to them.

Compared with observations made on previous visits, it was obvious that the town was looking more prosperous, that it was cleaner, that people were conscious of the fact that something positive was being done for the development of the country. The town is seething with building activities. On the way from the airport to the centre, miles of stretches which I had seen as desert only two years ago, were now covered with attractive houses. New residential districts have sprung up everywhere and so have impressive business buildings, whose ranks are now being joined by the new State Bank headquarters. The hotels are overflowing with businessmen and tourists, and shopping in Elphinstone Street and Bohri Bazar seems brisk. The streets are tidier than before, and public amenities, like the Clifton promenade are being improved and well kept.

Karachi Port, which in 1947 handled just over 2 million tons, has doubled this amount by now, and when its present reconstruction project is finished next year, it will have its capacity increased by 30 per cent. The industrial township of Landhi, 15 miles east of the city, and the Sind Industrial Trading Estate, 6 miles to its north-west, are constantly growing and play a very important part in the whole country's industrial development.

These are all positive factors which lend a certain dynamic note to Karachi and which are symptomatic for the whole country. Much, indeed, has been achieved in this town which at the foundation of Pakistan had only 150,000 inhabitants and which now houses about 2 million on over 40 square miles. Water has been provided in sufficient quantities to this new metropolis from the Ghulam Mohammad Barrage near Hyderabad, and its industries are powered with the help of natural gas brought by pipelines over hundreds of miles. Not all these developments date since the take-over by the new regime, but they seem to have been activated by it, and somehow make more sense now as integral part of a progressing society.

A major improvement which definitely owes its origin to the new regime, is the resettlement of refugees in Karachi. A new township, Korangi, was founded in 1959, to transfer

refugees from the miserable shacks and the pavements of Karachi to proper houses. About 15,000 quarters, each built on 120 square yards, complete with kitchen, bathroom and courtyard, were finished within 5 months, and building is still proceeding. The blocks of houses are built in such a way that each 2,000 of them share a community centre with shops, mosque, school, etc. Every 5,000 houses form a bigger unit with special amenities like medical centres, cinemas, theatres and office buildings. So far 11 schools, 7 shopping and 3 health centres have been completed. The township is also linked with the industrial colony of Landhi by a railway which is now being expanded to Karachi. Eventually Korangi will provide for the settlement of 500,000 people. I visited the new town and was impressed by the functional concept of its planning and the realistic modesty of its design, which reminded me of some of the workers' settlements I had seen in China. At the first glance, the western visitor may wonder at the primitive dwellings, but a comparison with the ramshackle hovels in which the refugees lived before, will soon make him realize that their own proper houses—which, in any case, are better than most of the mud huts of the vast majority of the rural population—must be very satisfactory indeed for their inmates. Rents are very low, and are treated as instalments for the eventual purchase of the little houses. The Korangi scheme is certainly an imaginative and very effective enterprise in relation to prevailing conditions.

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But there are also other lessons Karachi has to offer which are typical of the rest of the country and which reveal trends of a less satisfactory nature. The improvements I mentioned above must, of course, be seen against the whole background: Pakistan is a developing country, with the majority of her people abysmally poor, and the contrasts between them and the minority of those who are well off, are often shattering. This is nothing peculiar to Pakistan, but it is a point which sooner or later will have its repercussion—and here, again, not only in Pakistan. Yet, in many ways these contrasts as they become apparent in Karachi, do not seem in line with the avowed principles of the regime. It is true, of course, that President Ayub Khan's Revolutionary Government is not a socialistic one. But the whole concept of its programme, the apparent justice and social feeling which inspires it, are of a civic and social character which seem to be very akin to some of the humanitarian aspects of Socialism. Even if private enterprise is fostered—and indeed, pampered—the Pakistan Government does not allow it to stand in the way of its development plans. Yet, the meteoric rise of a new wealthy class, which derives its quick profits from the commercial opportunities provided by the reconstruction of the country, may soon become a problem in itself.

It is only natural that almost unlimited earning possibilities in Pakistan today are resulting in a display of luxury which seems out of proportion to the real economic conditions of the country and which, as education and enlightenment amongst the masses progress, will lead to increasing envy and dissatisfaction. While general improvement must remain the overall aim of planning, it may be difficult to stem the political repercussions arising from a grossly unequal improvement in living standards. Thus, one asks oneself for whom the magnificent villas sprouting out of the desert ground of Karachi are built, who can afford them. The same, incidentally applies to other places, particularly to Lahore, where the luxury of the residential colony of Gulberg seems to defy reality. The only excuse which can be advanced for this use of material and money is that it also uses labour. But its sociological implications must not be overlooked, though they may not loom on the too near horizon.

For at the moment many impressive things are being done for the country's development, and people rightly take great pride in the undoubted progress which is being made. This national pride is looking to President Ayub Khan as its leader, and at present all his decisions are accepted in this spirit, even if they include the transfer of the capital from metropolitan Karachi to Rawalpindi, 900 miles away. Considering the almost unbearable heat of the summers in Pindi compared with the constant breezes of Karachi, the lack of amenities of the former and the administrative difficulties arising from its geographical position, one can only understand this move if one recalls that it is near the Himalayan foothills and the hill station of Muree, where the President likes to spend the worst summer months, and that in its vicinity the new capital of Pakistan, Islamabad, will arise within the next 10 years. This move was an almost visible blow to Karachi. Almost overnight it was changed from a powerful headquarters into a mere branch office. But its strength is now returning in its growing industrial and commercial importance, and it is on the way of becoming some kind of Pakistani Bombay with a key position in the country's future. And it is the future of the country which is being decided now.

Pakistan is now arriving at another landmark of her history.

The proposals of her new constitution, not yet revealed at the time this article is being written, are bound to change the character of the country, but only to a certain degree. While Pakistan, under its present regime can be called a democratic dictatorship, the new constitutional provisions will probably turn it into a dictatorial democracy. The difference between these two systems is not very great in substance, it is more a matter of form.

President Ayub Khan's dictatorship can be called democratic, as it is more than a benevolent one-man rule. It is neither aiming at the perpetual exercise of power by one man or a junta, nor at exploiting the country's resources for the benefit of a chosen *élite*. On the contrary, it repeatedly stated that it considers itself a transitory regime which employs its time and energy to prepare the ground for a broader participation of the people in all functions of sovereignty. Its main contribution to this end has been the introduction of "Basic Democracies"—an entirely new and highly successful scheme which acquaints the people with all problems of administration and development, induces them to shoulder civic responsibilities and forms a link between them and the government.

There is no doubt that the country was not ripe for an advanced western democratic machinery which almost ruined it with its demoralisation, corruption and inefficiency before the present regime came into power, and there has been little resentment, if any, against an Army-backed dictatorship which has the avowed aim of putting the country on its feet. The situation prevailing prior to the Revolution in October 1958, justified the advent of the new regime, and the record of President Ayub Khan's Government since then has, on the whole, met with great acclaim inside the country. The main reasons for this are that, despite its dictatorial powers, it has not misused these powers, that the imposition of martial law has primarily been directed against corruption and anti-social elements; that it considers itself not a permanent feature but only a transitory one as long as a working democratic machinery suitable for indigenous conditions has not been created; and that it uses its time in power to promote the development of the country and the educational and economic position of the people. It seems that the nation is willing to give President Ayub Khan a chance to lead it towards an all-round rehabilitation, and that it accepts the condition that the good work must not be interrupted by political opposition. For, as a price for efficient reconstruction, Pakistanis have to abandon certain democratic freedoms. Political discussion, indeed political life, has ceased, at least for the time being. There has been, to President Ayub's merit, no witch hunting after he took over in 1958. The majority of former political leaders are still about. Even if the new constitution were to allow them to take over again, it is doubtful whether they would re-emerge from their present oblivion changed and purified enough to inspire the masses to entrust them with the leadership of the nation.

It must, therefore, be expected, that the new constitution will not revive the political parties, and that some form of election of independent candidates within the framework of the Basic Democracies will be decided upon, at least in the beginning. Whether this novel experiment will meet with success, and whether it will create a political machinery strong enough to change the constitution again and to introduce a new foreign policy towards neutralism which is badly needed, will be interesting to watch. In any case, it will be another landmark in the history of Pakistan.

EAST PAKISTAN TODAY

GHULAM MALIK

EAST PAKISTAN faced with a large population and many pressing problems was politically a restive province. Democracy, mingled with "mobocracy", flourished. Not only the life of a political party but of the country itself was uncertain and unsafe. In the autumn of 1959, Deputy Speaker Shahid Ali was murdered in a brawl in the East Pakistan assembly house, the first presiding officer of any parliament to die while on duty in the history of the British Commonwealth.

When came the martial law and all was quiet. The parliamentary system of government, it seemed, proved to be unworkable in Pakistan though it never had the chance to function in any wholesome way. Whatever might have been the justification for the martial law, its authors were fully aware that it was no permanent solution. The old system and set-up could be revived either. Recently, the order has come for the dissolution of all property of political parties in East Pakistan. President Ayub Khan's doctrine of basic democracy today might be the last best thing for Pakistan. Local self-governing bodies were not absolutely unknown in East Pakistan, but under the Basic Democracy, the activity and life of these institutions have been greatly widened. Basic Democracies are designed to manage the affairs of their localities in association with responsible officials.

Under the "model taxation" schedule containing 39 items, Basic Democracies have been empowered to levy taxes in accordance with local conditions and requirements. All are unpleasant, and people at first protested though they are to be used on development projects in villages.

In October, the military administration will have its third anniversary since, with the introduction of the new constitution, martial law will be lifted. As a matter of fact, in East Pakistan the edge of the martial law has been taken off since Lt-General Azam Khan became Governor in the spring of 1960. The administration here is run by civilians though the military stands by as an armed precaution and protection. However few cases are tried by military courts.

The constitution committee appointed in February 1959 submitted its report last May. Now the cabinet sub-committee is working on it and had its last session on September 25. The report with the sub-committee's recommendations is to be published after it goes to the President. East Pakistan always aspired for provincial autonomy at the exclusion of foreign affairs, defence and currency. Now it remains to be seen what sort of autonomy the constituent commission will give. Again, circumstances have changed a good deal since the old cry for complete autonomy, and the new constitution might exclude more items from the provincial lists. The feelings of East Pakistanis are analysed, it becomes clear that the popularity of the present regime headed by Ayub Khan is still riding high. Ayub is still the most popular man in Pakistan—perhaps more so in East Pakistan as some people think. It is nonsense to pretend that there is no opposition against the administration, but none can point to any real opposition. Of course, it has not been possible to root out corruption, smuggling and the like in a country where demoralization has century-old roots. During the

August session, the members of the Provincial Advisory Council, elected under the Basic Democracy, brought charges of growing corruption and malpractices and urged the Government for stricter control.

The Ayub Administration's foreign policy has pleased the politically conscious East Pakistanis. President Ayub's straightforward attitude in America has been greatly appreciated and the recognition of the Algerian Provisional Government highly hailed by the press and people of East Pakistan.

For a decade East Pakistan had the sore feeling of being let down by West Pakistan, and at his Dacca press conference, last May, President Ayub Khan declared: "... East Pakistan was neglected in the past and a great amount of the foreign exchange earnings of the province were utilized by the centre. Though this was undoubtedly true to a certain extent, there was no use in apportioning blame when everything was now being done to concentrate development efforts in East Pakistan."

The development projects for the first year of the Second Five-Year Plan have been successfully implemented in this province, and in some cases, the target has even been exceeded. The Second Plan includes a total development expenditure for East Pakistan which is nearly four times the amount spent in the First Plan. The Government has reorganised the administrative machinery for handling development work. New organisations like the Water and Power Development Authority, Inland Water Transport Authority, Forest Industries Development Corporation and Small Cottage Industries Development Corporation have been established for expeditious execution of development plans. During 1960-61, a programme of Rs. 570 million has been put into execution and is being satisfactorily implemented.

The smouldering discontent of East Pakistanis that high-ranking jobs are held by West Pakistanis is evaporating fast, as President Ayub Khan has ordered steps to be taken to put an end to such a situation. A large reshuffle in the civil service is already afoot. According to the Pakistan President no "outsider" will be brought to East Pakistan unless his presence is required beyond doubt and dispute. For the first time, a Bengali Brigadier, now promoted to Major-General, is in Dacca as the GOC and the Martial Law Administrator, the Chief Secretary has been replaced, again for the first time, by a Bengali and other changes are being made. A Dacca editor asked the President whether the new decision would not cut off closer contacts between the two wings of Pakistan. President Ayub answered that when people in East Pakistan wanted it, they could have a change and also added that with new responsibilities they would realize that it was easier to criticize than to do. However, the prices of food and consumer goods are constantly rising in East Pakistan, and the people are hard hit. The three calamitous cyclones in seven months have been severe setbacks to economic progress in East Pakistan, but relief and rehabilitation after the cyclones were done without touching the funds of the Second Five-Year Plan.

Perhaps after the new constitution has been put into force, a Bengali governor will come in place of General Mohammed Azam Khan who however is exceedingly popular in East Pakistan.

INDONESIA SEEKS COOPERATION

CHAERUL SALEH

WHEN Mr. Chaerul Saleh, Indonesian Minister of Reconstruction and Development, visited London last month at the invitation of the British Government, he devoted most of his time to discussions with UK commercial and financial circles. It was, therefore, a practical visit indicative of the growing commercial relations between Indonesia and the West. It was also a sign that Indonesia's endeavours to spread her economic ties over several industrialised countries and not to have "all her eggs in one basket" is beginning to show results. Indonesian ministers are not permitted to sign contracts during their trips abroad—actual negotiations have to follow in Djakarta—and the concrete outcome of Mr. Saleh's talks in Britain will become visible only later on. However, Indonesia's attitude towards commercial relations is permeated by her views and principles on international affairs, and it was precisely the lack of understanding amongst some western countries, including the UK, of this attitude, which up to now hampered the smooth development of trade between Indonesia and these countries. It now seems that Britain is showing much more understanding and much more interest towards Indonesia than she has done in the past, and Mr. Saleh, on the other hand, said that he had found a "most cordial atmosphere in the UK, many things enlightening and instructive" and that he had gained a better understanding of the British people. He commented with appreciation on "the great interest and willingness of the British Government to promote relations in commerce and also in other fields", and felt hopeful that these ties would be enlarged and deepened in the future.

In an exclusive interview, Mr. Saleh outlined to EASTERN WORLD some of the Indonesian feelings which form an essential background for the assessment of the apparent improvement in Anglo-Indonesian trade contacts as well as in the "other fields" the Minister mentioned.

Mr. Saleh thinks it is imperative for the West to study the declaration of the unaligned powers in Belgrade and to accept them as the basic way of thinking of the developing countries. The Preamble to the Belgrade Declaration mentions an established order which is now a thing of the past. "We are now in a transitional period and we are going toward a new world order," Mr. Saleh said. "This implies that once these various bloc politics in all their forms, must finally come to a synthesis: a new world order, a new justice, equality, and so on. This also means that in the atmosphere of the economic field there should be a relationship based on true cooperation. In other words, the selfish element in economic relations must finish as soon as possible." The Minister explained it was part of Indonesia's political manifesto to work for cooperation and friendship among all nations, and the same applied to development, especially to the relationship between the higher developed, industrialised nations and the developing countries. He stressed that cooperation was needed, and not "help" or "aid", terms which did not imply that countries were equals. Because of the developments of modern techniques, the world

in an interview
with H. C. Taussig



had not become bigger, but much smaller, and the interdependence of nations was growing daily. If a certain country—and especially a country which was of political, economic or geographical importance in world affairs—if such a country suffered under hunger, ignorance and disease, this had an immediate effect on the big powers and the industrialised countries, directly or indirectly. As President Sukarno had once said, it was the "self-enlightened interest of the developed countries" to cooperate fully with the developing nations.

"Never should economic cooperation, or as they call it 'aid' be viewed from a standpoint that this aid is given out of generosity. It never is generosity, but sometimes only a form of subsidy of the 'donor's' home industry. In other words, those markets which the developing countries, would constitute if fully developed, have to be artificially created. It is often not the developing countries which are being helped, but the home of the developed countries. That is why I never ask for aid."

Indonesia, Mr. Saleh reminded, was a large country with a population of 90 million, with big national resources and potentials fully adequate to justify her national aspirations. And these national aspirations were accelerating their tempo daily to achieve as soon as possible those standards which her people had a right to achieve. Whether these national aspirations were considered rational or irrational by some, Indonesia was going ahead with their implementation. The Minister acknowledged the many difficulties his country had to face: lack of capital and technical knowledge ranking high amongst them, but recalled that during the past few years thousands of Indonesians had travelled to all parts of the world, and hundreds were already back with sufficient knowledge, though perhaps not all the experience, to build up the country's

economy. During the past 16 years after independence Indonesia had gone through so many hardships that it appeared to certain circles abroad that her economy was disintegrating. This was a false view. Indonesia was proud to survive and fully prepared to encounter any difficulty in the future. She was now seriously tackling the problems of her industrial "take-off" and had sent representatives to all nations all over the world, looking for cooperation. As she was aware of her own national resources, she felt she had much to offer to other nations; for Indonesia did not want to develop egotistically only for her own benefit, but wanted to contribute to the advancement of all peoples and nations.

Referring to West Irian, Mr. Saleh said that this "very special national case against the Dutch" had many other, international aspects. "Spiritually", he said, "we cannot lag behind. As living, human beings, we will fight. And if there is unrest in that part of the world because of this, it will affect the whole world. It has explosive potentialities, and don't forget, there is some difference between countries and nations who have acquired independence by actual fighting, based on principles of the philosophy of their revolutionary ideas, and countries which have won their freedom without bloodshed or revolution. And with us these revolutionary ideas have not lost their momentum."

Asked whether the representatives sent out by Indonesia to investigate the possibilities of broadening her economic cooperation with other countries would lead to any concerted planning among the developing nations, Mr. Saleh said: "We have not entered into any negotiations for creating a movement or organisation for the economic coordination of the developing countries, because we think these economic matters should be explored and studied on the open platforms within the Afro-Asian unity, but the implementation of cooperation on a wider basis I should like to see in the United Nations. Also ECAFE is too limited; not only that it does not include China, but I should like to see it extended to comprise Africa as well."

The increasing western sympathy with the attitude and the problems of the developing countries is giving Mr. Saleh much satisfaction, but he stressed that this atmosphere was comparatively new, and that Indonesia hoped it would still be intensified. With the USSR, on the other hand, his country had always had satisfactory relations and had found great understanding. "Quite apart from the social and political differences we are having with the socialist countries", the Minister said, "there is a marked difference between their approach and that of the West not only towards us, but in general to developing countries. The latter want to hasten their development as much as possible, and are anxious to improve their living standards comparable to what they have seen to be the standards of living in the countries of their former colonial masters—and they don't only want to have political equality, but also social equality. That is why they keep thinking of how to get there. Therefore, they follow the historic industrial development of each country, and they come to the same conclusion as the Communists, namely: 'start as soon as possible with your basic heavy industry. With this in mind, we consider the approach of the socialistic countries much more progressive than that of most other countries. In the West we are often told: 'you are too ambitious', whereas we find that the Russians, for example, are pointing out to us that we need bigger plants than we envisage. And we shall build on a bigger scale. We don't deny that we are ambitious in our planning, but consider that our plans should be ambitious.

As an unaligned nation which intends to remain unaligned, we cannot afford not to have ambitious plans. We must have heavy industry, as this is the basis of everything."

Indonesia, the Minister said, was going ahead with her Eight-Year Plan with determination but great care. To begin with, while the necessary preparatory work was going on, immediate, concrete steps were being taken to improve the present economic position. Thus, under the *Sandang pangan* (food and clothing) scheme, efforts are made to make Indonesia self-supporting in rice—which, under favourable conditions should be achieved by 1963—and, as far as possible, in textiles. Mr. Saleh explained that certain difficulties had to be overcome also here, for while the Government wanted to give priority to the growing of foodstuffs, farmers naturally wanted to plant cash crops like tobacco, etc., which would give them a better return. He did not deny that he was experiencing some trouble in agricultural planning, but his Government insisted that food would have to come first and cash crops would have to be planted on those areas which were not suitable for foodstuffs. This, however, was long-term planning, as some of the cash crops were needed, before the Eight-Year Plan came into full swing, to augment much needed exports. There were, of course, many other difficulties, Mr. Saleh said. "We have never been in a position which would form an easy basis for our economic development. What there has been, has been completely destroyed by the Dutch. We have no middle class and no national financial wealth—quite different from India, where you have industrialists, or even the Philippines, where they have big landlordism. We had to start from the very base. That goes for everything, including technical know-how, for we have been educated by the Dutch to be clerks only, up to a certain ceiling to serve their purposes. Even our commercial fleet was completely wiped out by the Dutch."

Thus, the Minister continued, Indonesia was looking for cooperation. But she wanted to stand on her own feet, and the conditions of the cooperation she hoped to gain from other countries had to be such that she could be sure to remain her own master in her own country. She did not want to repeat her colonial experience. "We look for loans on a long-term basis", Mr. Saleh said, "in the form of production-sharing agreements or under arrangements by which the loans could be paid back out of the production of the object of cooperation." Direct investment would not be allowed, and mixed enterprises would be considered only in very exceptional cases by direct, personal agreement with President Sukarno.

It was hoped to raise the national income by 4 to 5 per cent within the next ten years, meanwhile the first concrete steps had been taken in hand to implement the Plan. A modest blast furnace was being built for educational and experimental purposes for the production of only 100 tons of steel per day or about 40,000 tons per year. Industrial research was still going on as to the best utilisation of the type of iron ore available in Indonesia, and as soon as it was proved suitable, the second, third and fourth furnaces would follow, to be built by the West Germans. In addition the hitherto unused \$150 million of the Russian \$250 million loan, would be used for the construction of roads, harbours, power stations, mining enterprises and for a combined blast furnace, steel plant, rolling mill and smelting concern with a capacity of 250,000 tons per year now being built by the Russians. The Japanese, Mr. Saleh said, had perfected the industrial utilisation of the type of iron

(continued on page 31)

ASIA'S "EDUCATED UNEMPLOYED"

JUSTUS M. VAN DER KROEF

RECENTLY the *Asian Student*, a weekly newspaper published in San Francisco and serving the interests of the more 17,000 students from the Far East now in the United States, held its ninth annual essay writing contest on the theme "The Returning Asian Student: Problems and Opportunities". If one reads the essays awarded prizes by this weekly paper, one can hardly escape the strong impression that some Far Eastern students, now completing their education abroad, view their return with an apprehension bordering on open anxiety. There are in these essays brave admonitions "to be a missionary" in one's own land, to be "ready for service" and face the challenges ahead, but the dominant note is one of frustration and fear, and the "biggest problem" for the student, according to one essay writer, is "why should he return" at all to his native land. There is the fact that often enough the student realizes "that there is little or no scope for using his knowledge immediately or in the near future", that—to speak with another writer—the student offering his service "may be hampered by many factors" and that there is "a mutual estrangement" between himself and his native country, or again that the returning student would be "lucky to get a respectable job" and will have to battle "corruption, nepotism, party politics" and so on. And, as if to re-enforce the dispirited tone of the essays, one may read in the same issue in which these essays appear the opinion of the foreign student adviser at the University of California to the effect that "I have seen too many adrift in their countries, either without employment at all, or employed in positions neither in the direction of, nor consistent with their training".

These rather bleak views underscore the curious imbalance which much of Asia is experiencing today with respect to its human and technical resources needed in economic development. Prior to World War II many Far Eastern countries, particularly those under colonial control, were noted for their low literacy and for the small numbers of formally educated (e.g. Indonesia in 1930, with an indigenous population of about 59 million, had only a 6.4 per cent native literacy rate and only 200 Indonesians or so graduated from the better secondary schools). Asian nationalist movements have always stressed the necessity of accelerated mass education, and today, with national independence a reality, achievements in education are pointed to with pride. Thus some 60 per cent of the Indonesian population of 90 million is now said to be literate, while the number of Indonesian graduates of secondary schools has grown to about 20,000 per year.

But it has become clear in the past two years that some aspects of educational expansion have gone much faster than economic growth. Any factory or enterprise to be established in the Djakarta area has to provide vocational training to the local labour force so that thousands of junior and senior high school graduates can become skilled practical workers. Due to the large numbers of graduates from secondary schools the students as well as the community faced serious difficulties, and that to prevent the graduates from becoming "unproductive forces falling under destructive influences" enterprises in Djakarta were told to afford them the opportunity to learn a practical trade such as that of tanner, printer, automobile mechanic, tailor, etc. This system was introduced after Indonesia's Minister of Education announced a shift in emphasis

"from general education to vocational education" for his country.

Indonesia's problem is by no means unique in Asia. In a region of the world still so badly in need of more basic education for the masses, it is a tragic irony that apparently a number of Asian countries are producing too many teachers. The Government of Madras state in India has recently begun to establish vocational training centres for the benefit of the so-called "educated unemployed" and the Indian Minister of Education has announced the solicitation of special funds for the benefit of some 35,000 teachers as part of a general programme of relief for unemployed university graduates. In Ceylon, over 40,000 applicants registered last year for posts as assistant teachers, thus demonstrating the shortage of jobs in almost every field of employment. While there is a serious shortage of specialist teachers for science and similar subjects there is at the same time a surfeit of would-be teachers.

But not only the teaching profession is overcrowded, employment opportunities for the academically trained in other fields are often equally limited. In the Philippines it was reported, 95 per cent of the young men and women who graduate from colleges and universities each year (a total of about 34,000) are haunted by the spectre of unemployment. Women graduates in such fields as engineering and pharmacy are looking for work as manual operators in textile mills, and graduate lawyers want work even as watchmen to make a living. Again the situation in the Philippines is not unusual. An American Engineering expert, Dr. Kenneth Reynolds of the University of Southern California, who recently went to Aligarh Muslim university in India as chairman of its Mechanical Engineering department, has noted the frustration of his Indian students because, reportedly, "of the bleak outlook for positions utilizing their professional training when they leave the university", though India needs engineers.

How did this situation arise? At last three interrelated factors should be considered: the colonial influence, the Asian value system, and the nature of recent economic development efforts in the area.

Colonial Influence

Modern school systems in South and South-East Asia are to a large extent colonial creations and until recently tended to stress an often arid academicism geared to government service. Colonial schools often tried to be faithful copies of West European schools particularly of those that provided entry to university training, and quality education has not infrequently tended to be appreciated in terms of proficiency in essentially humanistic knowledge and verbal skills, with little or no emphasis on a practical application of these skills. To be sure medical and engineering colleges were certainly available, but intermediate vocational training, especially in such areas as Indo-China, Indonesia and the Philippines, made (despite concerted government efforts) but little headway among the population. The reason was not only the greater appeal which a more academic type of secondary education had for younger Asians looking for a modest but always prestigious government berth, but also the structure of the colonial economies which hampered the deployment of indigenous entrepreneurial and industrial talent for the benefit of the commercial and agricul-

tural estate interests of the mother country. The latter factor especially made the acquisition of industrial-vocational skills often quite profitless. The resulting situation may be gleaned in part from a recent remark of the Indian Minister of Scientific Research that although the best Indian scientists and engineers are on a par with those of other countries, Indians "lack competent foremen, chargemen, and supervisors in sufficient numbers", i.e. India lacks the vastly important level of middle technical personnel, indispensable to industrialization. A similar anomaly exists in Indonesia, where there are fifty per cent more university graduates in technology than there are graduates of technical courses in secondary schools. Yet without this vital middle technological level, development is seriously retarded and industrial leadership is tendered dangerously top-heavy.

Educational Traditions

For the lack of vocational-technical graduates from secondary schools persistent Asian educational traditions are also to blame. The hallowed image of the cleric-literatus, mainstay of royal courts and bureaucracy, infinitely refined and greatly honoured, has carried over today into what might be called a "guru complex". Law and teaching are professions which are typically influenced by this "guru complex" and so are various social science curricula geared to administrative and government service. Higher education statistics show the large numbers (in many universities even the majority of students) preparing themselves for careers in these fields. The situation is typified again by Indonesia, where of the 532 students who graduated last year from the University of Indonesia, no fewer than 208 were economists and 77 lawyers. A recent survey of Gadjah Mada University in Djokjakarta, Central Java, shows that most undergraduates are studying law, and that next in appeal to students are curricula in social and political science. Least popular, according to this survey, are fields such as agriculture, forestry, animal husbandry, and veterinary medicine. Foreign enterprises in Indonesia, mindful of government insistence that technical personnel be "Indonesianized" as rapidly as possible, have had much the same experience as the Standard Vacuum Oil Company in Indonesia, which has reported that "vigorous recruitment efforts in Indonesia have not turned up the needed number of nationals with requisite educational backgrounds to fill the large number of technical posts". In a recent address to students in West Java President Sukarno noted that "law schools were being opened everywhere and commented that agricultural schools were much more badly needed now". The President recalled that when he recently laid the cornerstone of a new university in Borneo he told his audience that Borneo "is a fertile region with thick, vast jungles, large mountains and vast lands for agriculture". But, declared Sukarno, "why do they open a law faculty instead of an agriculture faculty?"

President Sukarno might, in this connection, perhaps have been interested in the fields of study pursued by the 531 Indonesian students studying in the United States (201 of whom wholly supported by the US government) in the academic year 1959-1960. According to the report of the Institute of International Education for 1960, only 11 of these 531 Indonesian students were studying agriculture, as compared to 146 in social science, including law.

The secondary school graduate ideally envisages a white-collar career for himself; vocational training, no matter how badly needed, is often regarded as somehow debasing because of its implications of manual work. In much of South-East

Asia there is a surfeit of lawyers, teachers and social scientists in the bureaucracies. It is ironical that the junior and senior high school graduate in Djakarta, at any rate, will in future be directed toward a manual vocation for which he is unprepared and which has long been stigmatized as uncouth in his eyes. It needs to be pointed out, however, that combined with the bureaucratic heritage of colonialism the "guru" value system has also placed extraordinary stress on the acquisition of a University degree, as a passport, indeed as an expected automatic guarantee of obtaining an honourable position. The pressure continues unabated, with all manner of resultant, politically dangerous, frustration phenomena. But to a democratic government the "right" to a university education can become difficult to deny, although the danger is clear. When a bill was recently proposed in the Ceylonese parliament to empower the University of Ceylon to conduct so-called "external" examinations and confer academic degrees on those who are not formally students of the University, the newspapers warned that the measure would primarily result in a vast increase in the number of job seekers. Not least because of the popular demand for college degrees all manner of fraud has enveloped Asian higher education. Asian students have not only fallen victim to fraudulent diploma mills and correspondence schools in the United States, but also to fly-by-night "universities" in their own countries.

Development of qualified technicians and specialists in agriculture, animal husbandry, veterinary medicine and middle-level industrial production and crafts is the crying educational need of Asia today, and to meet this need will mean a shift from the verbal specialization, humanistic and bureaucratic emphases now evident in the curricula. The educational reforms announced in Pakistan in January 1960 indicate that some Asian governments are becoming aware that this shift needs to be made away from the traditional educational value orientation. Henceforth every Pakistani child will spend far more time on science and technical education than on languages as was previously the case.

National Development Programmes

Thus perhaps the chief cause for the present educational imbalance lies in the inconsistency and haphazardness of national development programmes, in which priorities are ignored, unrealistic goals are set, and coordination between the development of human and technical resources is lacking. So it may happen that not only more teachers are trained than there are schools built for them to teach in, but that Asian students are educated abroad in special skills which they are and will be unable to apply in their own home country for years to come. Only 13 per cent of nearly 700 Indonesians trained at US expense in the past few years are now making complete use of their training. The remainder are using the training they received only partially or not at all. Shortage of equipment, funds, tools or supplies are blamed for this condition. One might also suggest that some of the responsibility lies with those who plan the creation of human skills without adequate technical means to apply them. And while one is about it one might also wonder about the curious system of priorities in countries where "national planning" is all the rage and which creates conditions such as these: of the 242 Vietnamese students in the US in the academic year 1959-1960, exactly one studied agriculture and one dentistry. To be sure 30 of the Vietnamese studied engineering, but no less than 66 are in the social science fields (27 in economics alone). The problem of Asia's "educated unemployed" will not be solved until these and similar anomalies are eliminated.

ASIAN SURVEY

AUSTRALIA ISOLATED IN A TOUGH WORLD?

From Charles Meeking, Canberra

VARYING degrees of alarm and despondency expressed in Canberra and other influential quarters are gradually impressing many thoughtful Australians with the realisation that the Commonwealth will never be the same again, that the more or less protecting hand of what some people still call "the Mother Country" is now almost wholly withdrawn, and that Australia will soon have to stand or fall on its own strength and determination. Some people, including, it is believed, the Prime Minister, Mr. Menzies, find the prospect challenging and even exhilarating. Others are dubious, at least about the maintenance of standards of living.

Certainly, the transition period which is inevitable, officially or unofficially, after Britain joins the European Community will mean some difficult readjustments, especially among some sectors of primary production—notably, meat, fruit, wheat, and sugar. In the long run, the effects may be beneficial. New markets may be found in both Europe and Asia, just as they may for sectors of manufacturing industry. Certainly, there are signs of increasing pressure for trade to be expanded with both China and the Soviet Union, and it will be an interesting exercise for the Menzies Government, now still apparently certain of re-election on December 9, to decide how far such trade will be encouraged, and what move, if any, should be made towards diplomatic recognition of Peking.

In the meantime, warnings continue about the size and menace of the Chinese and Russian fleets in the Pacific, about ill-judged increases in food production, and about encouragement by the International Wool Secretariat of "any old kind of wool" instead of efforts to boost the best Australian wools.

This is all a background to tentative discussions on an approach by all the primary producing countries which have large surpluses for export to the industrialized nations of the Free World for some adjustment of competition on what are considered unfair and discriminatory bases. A picture of world economic collapse may be painted in alarming but probably justified colours.

The Australian Treasurer, Mr. Harold Holt, was expressing Canberra's view on this when he told the World Bank meeting in Vienna in September that primary producing countries could not tolerate indefinitely a situation in which they were urged to follow "liberal trade practices" while the highly industrialized nations maintained persistently high levels of production of agricultural products, and exported surpluses of often-subsidised products at unprofitable prices, or as gifts. Lively discussions continue on possible markets in Asia, with Japan now allowed to take iron ore from Australia, with coal exports increasing (against a threat of increased American competition), and with plans for finding a £20 million cattle market in South-East Asia.

The Prime Minister will make his policy speech on November 15 as the prelude to a short, sharp election campaign. He is undisturbed by Labour promises already made of a deficit budget of £100 million to avert all unemployment, of cheaper loans for homes, of raising old age and invalid pensions to

£5 10s a week and of the reintroduction of import controls. Labour is still bedevilled by the "unity tickets" issue, and by the split in the Australian Council of Trade Unions over the payment of a compulsory levy to finance visits to and from Iron Curtain countries. The latter issue has resulted in the withdrawal, in effect, of 18 unions from the ACTU. The election result is not in doubt, although the peculiar voting system for the Senate makes the Government likely to lose its majority in that Chamber.

There is no willingness in Canberra to acknowledge that if Australia supports the Dutch move to get the UN to take West Irian under its wing then the reactions in Asia to Australian moves for trade and friendship is likely to be hostile. The Dutch plan, undoubtedly inspired more by a wish to spite Indonesia than to help the West Irians towards some kind of unspecified and dubious independence, has been given qualified approval by Canberra, committed to the principle of "self-determination" itself in east New Guinea; but officials and Ministers do not like some of the implications.

Accelerated drives for self-government in West Irian would mean a demand for similar unpalatable action in east New Guinea.

For the growing but still small segment of Australian opinion informed on all aspects of the West Irian problem, there was something nauseous in the Dutch move. It was in sharp contrast to the bitter Dutch refusal, before World War II, to acknowledge that the Indonesians could ever govern themselves or control the rich resources of their archipelago; and to the Dutch efforts from 1945 to 1949 to regain their control over the Indies empire—efforts which included the bloody "police action" which resulted in UN intervention. It is rather late in the day for such a radical change in Dutch outlook. Propagandists are busily predicting that the West Irians will never accept a merging with Indonesia, but if Indonesia uses this opportunity of stressing their relationships with the rest of the Republic, and the plan for autonomy within the over-all Indonesian state, then the UN may take the steps it should have taken long ago.

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Japan

Big Men Finally in Power

From Stuart Griffin, Tokyo

Japan's four strongest statesmen have finally come together, at least temporarily, in the postwar period's most powerful cabinet. But no one who knows Japan politically doubts that the new regime's life, the second Ikeda Cabinet's existence, wholly depend on the deftness of the current strongest strong man, Prime Minister Hayato Ikeda himself.

Behind him rank the others: Ichiro Kono, 63, Minister again of the influential Agriculture and Forestry agency; Zentaro Kosaka, returned to post as Foreign Minister, at 49, and wily 66-year-old Mikio Mizuta, now as before chief of the key Finance Ministry.

The "Big Four", moreover, is buttressed by a "Little Big Four", whom many call the real scene-shifters and behind-curtain prompters. These are Eisaku Sato, ex-Premier Nobusuke Kishi's brother, now Minister for International Trade and Industry; Takeo Miki, State Minister for Science and Technology and Atomic Energy; Bamboku Ohno, again Liberal-Democratic Party (conservative) vice-chairman, and former Foreign Minister Aichihiro Fujiyama, new State Minister for Economic Planning.

Mr. Ikeda is being congratulated on forming thus an "All-Star" Cabinet, but the cheers could turn to jeers if the strong hand of the 61-year-old sake brewer's son should weaken. So far Mr. Ikeda's "low posture" political stance has guided Japan away from the nation's tricky currents, intra-party factionalism and the shoals of the opposition Socialist Party which though represented in only 33 per cent of the Diet's seats was strong enough—with parliamentary rough-house, surging streetside student demonstrations, and newspaper backing—to oust the conservative Kishi regime.

Ironically, if beneficially, Party factionalism has been weakened as the conservative Cabinet was strengthened. But will these individualistic "Strong Men" pull together or lapse into squabbles for power that could make for a deadlock of muscle-bound strong men, and give the waiting Socialists another chance to gain ground?

The "Big Four" have at least tacitly agreed not to feud factionally while functioning as Ministers principally because Mr. Ikeda has cleverly positioned each to have to face up to collective responsibility for any Administration failure in achieving publicly-announced political and economic objectives.

On paper the Cabinet has fresh lust. Minister Kosaka has fared well steering a Japanese middle course internationally, has picked up economic friends abroad without making political enemies. Minister Mizuta hustles the Ikeda scheme for doubling the national income by 1970, fends off the threats of inflation, of an "over-hot" economy. Minister Kono plumps for rice decontrol, solution of Japan's Soviet fisheries problems.

The Ikeda strength is two-fold, consisting of equal parts of his own canny ability to divide and conquer, to pick the best and realize the best efforts, to stifle domestic tension by appealing to Japan's world position and the nation's bright economic future, if all pull well together. A prosperous Japan is Ikeda's best chance for long survival, for in Japan politics, today, is subordinate to economics.



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Singapore

Merger for Convenience

From Mat Salleh, Singapore

For the past month, the main topic of conversation in Singapore has been the proposed merger between Singapore and the Federation of Malaya. In fact, during the screening of the popular film "By Love Possessed", the whole audience roared with laughter when one of the characters described a certain matrimonial alliance between two families as being a "merger" of convenience rather than love. And that describes very aptly the coming together of Singapore and the Federation. Mr. Lee Kuan Yew, Singapore's Prime Minister, has been able to convince Tunku Abdul Rahman, the Federation's Prime Minister, of the danger that would obviously confront the Federation if Singapore were controlled by a Communist Government. And he has been able to convince him that unless a merger comes about quickly the Communists will do their best to unseat the People's Action Party Government in Singapore and make a merger impossible.

To rub home the points he is making, Mr. Lee has been giving a remarkable series of broadcasts over Radio Singapore in which he has discussed the political situation in Singapore, including something of the inside story of the PAP and the battle that is being waged by the fanatically dedicated Malayan Communist Party (MCP) for the hearts and minds of the people. Many persons active in the political arena have

(continued on page 22)

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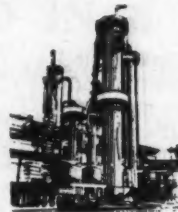
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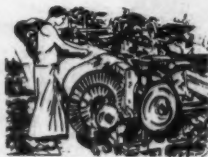
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been publicly denounced by Mr. Lee as Communists, and he has attempted to give a ring of authenticity to what he has been saying by describing his secret meetings with a representative of the Singapore Town Committee of the MCP. The whole story has yet to be told—perhaps it will never be told—but what has been revealed so far makes any Agatha Christie or James Bond story seem tame by comparison.

It has now been announced that Singapore will become the 12th State of the Federation by June 1963. The principle has been agreed to: only the details remain to be ironed out. The Federation Government has made it clear that external affairs, defence and internal security should come under the control of the Central Pan-Malayan Government, and Singapore, on the other hand, has made it clear that it wants to retain autonomy in labour and education—presumably so that they can be developed along democratic, socialist, non-Communist lines. All parties concur that merger is inevitable but they differ as to the form it should take. Three out of four of the Opposition party leaders in Singapore have now called on the Government to convene a meeting of the Legislative Assembly without delay to consider and debate the details of the merger and to appoint an all-party conference to go into the questions involved. The right of the Prime Minister to speak for Singapore in the talks he has been having with Tunku Abdul Rahman has also been challenged in view of the PAP's weakened position after it has lost two recent bye-elections and has been split from within by defections of many of its members to the newly-formed Barisan Socialis (Socialist Party). It is inevitable also that the MCP will be opposed to the idea of the Central Pan-Malayan Government having charge of

internal security, because as soon as it takes over there will be a purge of those accused by the Prime Minister of being Communists.

What is the attitude of the British Government to merger? It is also an interested party. It has its military bases in Singapore to think of. Prime Minister Lee has tried to make out that there will be difficulties over changing the sovereign rights over defence bases in Singapore into treaty arrangements, and has threatened that "there may be a great deal of unpleasantness unless the British adopt a more helpful attitude".

The problem really is that the Federation has always been opposed to permitting British and Commonwealth forces to use Malaya as a spring-board for military operations under South-East Asia Treaty Organisation obligations. But Tunku Abdul Rahman has wisely kept his peace and has said virtually nothing on this score except that he is going to London soon to clear up certain points. But he is not taking Prime Minister Lee with him. In fact, it is not envisaged by well-informed sources in the Federation that there will be any trouble over negotiating a treaty to allow the British to keep their bases in Singapore, and even operate out of them, if necessary, under SEATO commitments. The Tunku is apparently prepared to go this far. Prime Minister Lee's ravings may only be part of the game of bluff he has to play to keep the support of the more anti-British elements of Singapore's Chinese population.

India

The "Grand Concept"

From our Indian Correspondent

One hundred and fifty eminent men and women representing every shade of political opinion and walk of life met recently in Delhi in a business-like session for three days and deliberated on the ways to foster what Mr. Nehru described on a later occasion as the "grand concept of India" among Indians. Their decisions carried no statutory sanction, but only moral persuasion. They are most likely to be implemented by the Central and State Governments and to have a vital bearing on the developments of the country for a long time to come.

The conference prescribed a programme for the achievement of national integration through education, proper conduct of political parties and adequate attention to the grievances of minorities. It suggested a re-orientation of education among students to infuse a patriotic sentiment and a sense of "Indianness" among them. The conference even formulated a code for political parties by which they would pledge themselves not to take up any issue that could cause communal, religious or linguistic tension or any violent flare-up. A national integration council was also set up. The council will give early consideration to the redressal of the minorities' grievances.

A happy augury to this national effort toward national integration was the termination of the fast of Master Tara Singh, the Sikh leader, following the agreement between his organisation, the Akali Dal, and the Government on the question of an inquiry into the alleged discrimination against the Sikhs. The 76-year-old Akali chief had fasted for 48 days before the

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die-hards in his party could agree to a compromise with the Government. A high-powered commission will be set up soon to inquire into the Sikh grievances. However, it has been made plain that the question of determining whether a Punjabi Suba (a separate Punjabi-speaking State within the Union as demanded by the Akalis) should be conceded does not lie within the commission's purview. The Akali Dal has vowed that it will not rest content until the Government agrees to the formation of a Punjabi Suba which will be basically a Sikh-majority state and claims to have received some verbal assurances from the Government through mediators. This claim has been denied since. None the less the termination of the fast and the withdrawal of prohibitory orders have ended the tension in the border State of Punjab whose people, Hindus and Sikhs, form the most hard-working section of the Indians.

The achievement of national unity was again the dominant theme at a session of the All-India Congress Committee which was held soon after the Delhi conference on national integration. The AICC, the policy-making body of the ruling Congress party, met at the ancient town of Madurai in Madras State for three days to map its election strategy. An opposition party in this state having as its objective the secession of the south, attention was naturally focused on these disruptive forces and efforts to root them out. The Prime Minister summed up the mood of the session when he declared that there could be no compromise on the question of unity and that the integrity of the country would be maintained at all costs "even if it means civil war."

Indonesia

Reply to Dutch UN Proposal

From an Indonesian Correspondent

In reaction to the Dutch offer on September 26 to place West Irian under the "active supervision" of the United Nations, President Sukarno said that the best way for the Netherlands was to transfer immediately its authority to Indonesia, but if Holland for different reasons would prefer to use the medium of the UN, Indonesia was prepared to consider seriously that proposal. If not based upon this assumption, any UN intervention might only make the problem more explosive.

At the Non-Aligned Summit in Belgrade early in September, the President stressed that the root of international tension was colonialism and the forcible division of nations. He spoke of the abnormality of having two Germanies, two Koreas, and two Vietnams. The causes of tension were not in two different ideologies but in the conflict between the new emergent forces of freedom and the "old forces of domination". On the Berlin situation, he favoured the acceptance of the status quo as the first step, and called for *de facto* recognition of both Germanies. The status quo should be followed by peaceful co-existence, which, he said, "could not and should not perpetuate the status quo".

A senior member of the Indonesian delegation, Dr. Roeslan Abdulgani, brought to the fore the cleavage of opinion between Indonesia and India—each supported by other countries—on the important question of priority in discussing war and peace or colonialism and racialism. He said his Government considered the latter question as important as the former.

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"Naturally, we must not close our eyes to the danger of nuclear war, but neither can it be accepted that colonialism is not a major issue."

After the Conference, President Sukarno and President Keita of Mali went to Washington to present, on behalf of the 24 unaligned nations, an appeal to President Kennedy to seek a meeting with Mr. Khrushchev as an initial step towards ceasing world tension. The Indonesian Foreign Minister, Dr. Subandrio, who accompanied President Sukarno to Washington, flew to Moscow to explain to Mr. Khrushchev the Indonesian viewpoint on the German question and to discuss possible solutions of the Berlin crisis.

Mr. Chaerul Saleh, Indonesian Minister of Reconstruction and Development, spent five days in London at the end of September as a guest of the British Government. He met many Government officials and representatives of commercial interests, and explored opportunities for close Anglo-Indonesian cooperation in the industrial sector. In a press interview he expressed his concern about the impact upon his country of the Common Market and of Britain's possible membership of it. He thought that eventually there might be some form of association between the Common Market and Indonesia. But if negotiations continued to be conducted as effectively as of late, the prospects for an increase in trade between Indonesia and the UK were encouraging.

(Because of one of those mysteriously occurring printers' errors, the name of Indonesia's outgoing Ambassador to the UK, Dr. Sunario, was given mistakenly as "Dr. Sukarno" at the end of last month's Indonesian column. We very much regret this mistake, as Dr. Sunario, who for five eventful years represented his country in Britain with outstanding success and whose diplomatic skill as well as endearing personality has won him universal admiration, has been a close and constant friend of this magazine. It is rumoured that Dr. Sunario may return to his distinguished academic teaching career, but we hope that his remarkable ambassadorial gifts will be retained for the benefit of his country.—Ed.)

Recent Books

Lure of Everest by BRIGADIER GYAN SINGH (Published by the Publications Division, Ministry of Information and Broadcasting, Government of India, 25s.)

This is a record written by the leader of the first Indian Everest Expedition and tells the story of the venture from the early stages of planning and training through the perils and excitement of the actual attempt to reach the summit of Everest.

Unlike many books on mountaineering which eventually pall because of the high heroic tone, Brigadier Singh's account only gives due attention to the actual business of running such an expedition through from beginning to end, with all its thrills and danger, and the author himself comes out of the story as an attractive and resourceful personality.

This was an Indian expedition indeed, as most of the equipment was manufactured in India, and generous thanks are given by the author to all those, including the famous Tenzing, who contributed advice, equipment and information. The excellent line drawings and photographs add pleasure to the handling of the book.

India, 1961 (Published by the Publications Division, Ministry of Information and Broadcasting, Government of India)

The latest edition of this most useful Indian reference book has now been published in hard covers, which is certainly a great improvement for what is likely to be a much-thumbed work of reference. There is even more information on a more varied number of topics than before. The picture is one of development and progress in so many fields that it would be difficult to single out any one item in this short review.

India's National Library by B. S. KESAVAN, Librarian (Published by the National Library, Calcutta)

"The role of libraries in the spread and maintenance of education and culture is self-evident." These words appearing in the foreword of the book sum up one of the basic aims which inspired those who have worked to build the National Library. One of the most important cultural tasks a country may have to perform on attaining independence is to collect together that country's literature and rescue its literary treasures, if possible, from obscurity and dispersal.

The National Library in Calcutta, partly due to generous gifts from individuals and government assistance, has built

up and continues to build a most comprehensive library both ancient and modern literary and technical books. This book gives the fullest possible information on both the location and running of the library.

The Mandarins by ROBERT M. MARSH (Illinois; Free Press, \$6)

Throughout the centuries China gradually developed governmental bureaucracy with methods of recruitment and advancement which safeguarded against nepotism and created a vast body of officials able to maintain certain standards of administration and at the same time handle new problems. Promotion of officials by seniority and merit rather than nepotism ensured that the mobility of the administrators was encouraged. In this sociological study of the Mandarins during the Ch'ing dynasty (17th-19th centuries) the author bases his conclusions on a sample of 572 officials drawn from the *Eminent Chinese of the Ch'ing Period*—highly unrepresentative of the large mass of Ch'ing officials whose common attitude was "never mind seeking merit, but seek to avoid transgression". He points out that further studies would have to be made with more truly random samples. Nevertheless, by means of modern sociological research methods, he has assessed the effects of family position, examination achievement, seniority and other factors on the patterns of mobility during this period.

The Ochre Robe by SWAMI AGEHANANDA BHARATI (Allan Unwin, 25s.)

This is a vastly different account, by a Viennese Hindu monk, from those usually written by seekers after wisdom of the East. To begin with, Leopold Fischer, Swami Agehananda Bharati, has no false modesty. Modesty and humility, he says, are not essential for an Indian monk and he feels that his career has been unique. He started his study of classical Sanskrit while still a boy in Vienna. He learned to speak Hindi with such a pure intonation that he was taken for an Indian during the war when he fell into Allied hands. After the war he went to India and joined a monastery as a novice, was consecrated and donned the ochre robe and travelled all over India as a barefoot mendicant monk.

This autobiography is more than an account of his daily life. It is a lucid exposition of his own spiritual experiences, of his personal philosophy. He rejects the easy categorizing of the materialistic west and the spiritual east. He feels that a blending of a humanistic cosmology of life, based on an undogmatic and 'trained' mysticism

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or meditation, would provide that fulfilment which neither could give alone. He sums up his physical and spiritual pilgrimage through India thus:

"I have been trying to be whatever I am, with no racial allegiance: a Hindu, yes, but not an Indian; a philosopher but not a British nor an Austrian, neither a European nor an Indian philosopher: a humanist, but not a European humanist: a man mildly fond of comfort, but not dependent on American standards of plumbing."

Pioneering in an Indian Business by SULTAN CHINOH (Published by Sir Sultan Chinoh, Rs. 9.95)

This autobiography of Sir Sultan Chinoh is in many ways not only a story of a life, but also the story of the modernisation of India. Amongst the photographs which illustrate the book, is one of Sir Sultan's office in Bombay where he started his petrol agency. In front of the building is a bullock cart.

There is something symbolic in this scene for since the days when Sir Sultan started his business, so many changes have taken place in India, irrevocably making her part of the industrialised world. Sir Sultan is one of those men of energy and vision who has played his part in this great change. He has led a varied life and taken an active part in the sphere of public service as well as in many aspects of business and industry.

From Peasant to Pedicab Driver by ROBERT TEXTOR (Cultural Report Series No. 9—Yale University, South-East Asia Studies)

This has been called 'the century of the common man' and that such a study as this has been made points to the fact that perhaps it is true the common man is at least considered worthy of examination, even if he is a man as obscure and

humble as a pedicab driver. This social study of North-eastern Thai farmers who periodically migrated to Bangkok and became drivers is a most painstaking and sympathetic attempt to understand their way of life and habits and tries to reveal something of the attitude to life shared by these men who live with one foot in the town and the other in a backward rural community.

The questionnaire which was used is reproduced at the back of the pamphlet and is impressive in its all-embracing character. A great deal of patience must have been needed both by questioner and questioned in a searching investigation that has consumer research well beaten.

Pakistan: The Formative Phase by KHALID BIN SAYEED (Karachi: Pakistan Publishing House, 40s.)

The history of Hindu-Muslim tension in India can be traced back to the Emperor Aurangzib (1658-1707) who tried to force Islamic ideas on the Moghul Government, and so led the Marathas and Sikhs to revolt, thus crystallising the religious and cultural differences between the two communities.

Dr. Sayeed describes the various factors which from that time onwards, heightened or lowered the tension between Hindus and Muslims. The more spectacular incidents are familiar to all students of the history of the Indian sub-continent—the role of Sir Sayyid Ahmed, *vis-à-vis* Hindu-Muslim unity, the emergence of the Indian National Congress, and later of the Muslim League, the partition of Bengal, the Khilafat movement, and then more recently, the actions of both sides as independence drew nearer. The impact of British rule on this varying scene is discussed fully and reasonably.

The last five years before partition were perhaps the most decisive ones in the dramatic struggles for self-assertion by the two parties. In his foreword, Sir George Cunningham raises an interesting point when he asks at which exact moment did Mr. Jinnah discard the quasi-federal idea and make up his mind that severance was the only solution. If private papers were made available then a great deal of light would be shed on this.

Dr. Sayeed shows how factors like inter-provincial feuds, and political intrigues in the absence of real political parties brought about the downfall of parliamentary democracy in Pakistan. He discusses what is likely to follow, and what new political forces and alignments are taking shape. He is critical, and remarkably objective, and the study is both thorough and well written.

L'Estremo Oriente fra due mondi by G. BORSA (Bari: Editori Laterza)

Giorgio Borsa, whose knowledge of Far Eastern affairs makes him an expert of international standing, here examines the impact of the "new world" of the West on the old world of China and Japan. He describes the transition in both countries from the traditional social and political organisation of a hundred years ago to the very different structures which had evolved at the outbreak of the second world war.

India—A Pictorial Survey (Government of India Publication, 15s.)

A selection of photographs illustrating the old and new India, from the remains of the Indus Valley civilisation to the latest atomic reactor at Bombay. Pictures of villagers, factory workers, tribespeople, and of the widely differing regions of the country they live in give some idea of the contrasts and changes to be found there.

MANAGEMENT AND SOCIETY

By Sir William Robson Brown, M.P.

In this book a number of public speeches made by the author in recent years have been collected and published for the first time. Although they deal with a wide variety of problems, the theme that unites them is the responsibility of management and employees to each other and society. The ideas that the author puts forward in these speeches represent what he believes to be an essential part of the solution of present-day difficulties between management and labour. Sir William Robson Brown adds his own conclusions in the final chapter. Of obvious appeal to trade unionists and management alike, this book will prove of interest and importance to all those interested in the welfare of industry. 15s. net

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This translation is made from the first printing of the first edition of the Chinese text published by the People's Literature Publishing House in 1956. The photographic illustrations are taken from the staging of the play by the People's Art Theatre.

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Economics and Trade

WEST GERMANY'S TRADE WITH ASIA

AMAR LAHIRI

IN West Germany the post-war era of the "economic miracle" is slowly receding into the background. Fast-developing competitive trends in the global trade hinged on East-West economic offensives, unilateral trade drives of several West European nations in Afro-Asian countries at the expense of West Germany, increase in West German defence expenditure and an overall rise in production costs due to higher prices of raw and semi-finished materials as well as a sizable increase in labour charges are the main factors accounting for the new situation. Also the desire of South-East Asia to restrict her buying of German machinery and engineering goods unless covered by required credits, have made Federal German export industries and trade circles realize that practical steps should be taken to rectify as far as possible the unsatisfactory, one-sided nature of West German-Asian trade. The realization takes into account the fact that the time has come for developing a new import trade pattern to augment buying Asian raw and semi-finished materials. But as the increase in imports from Asia is dependent on a further liberalization of the internal protectionist policy thereby relaxing substantially the import quotas, West Germany is finding it rather difficult to activate the import trade pattern. Furthermore West

Germany is finding it hard to remove the obvious obstacle, i.e. the importing from Africa of a large variety of goods at reasonable prices which are competitive to Asian commodities. Since it finds it impossible to curtail its very profitable African trade, West Germany is continuing to limit its imports from Asia even though the urgency of increasing them is widely recognized.

The general Asian trade picture of West Germany reflects an artificial trend, for the country is essentially operating as a seller by furnishing huge volumes of industrial development goods. Owing to heavy excess of exports over imports, it has piled up a massive favourable balance which remains more or less blocked because most Asian countries are in no position to pay off their debts to West Germany in the absence of a lucrative export trade. As a result, West Germany has been obliged to adopt a policy of granting credits to finance its industrial exports. At the same time it is setting up joint industrial enterprises in South-East Asia to foster mutually profitable business relations. Both moves are proving beneficial to the South-East Asian industrial development.

Still it is to be noted that a credit-backed export trade in the long run would not facilitate the growth of a normal high-level commercial intercourse, for, with the advance of industrial strides in South-East Asia there will be a corresponding shrinkage in industrial exports from West Germany. Perhaps that is why West German industries are laying stress on the establishment of joint ventures as a means of keeping up the flow of exports in the future on a near-balanced trade basis. If West Germany could find its way to accept payments in local currencies, it would then be able to maintain its current top-level export trend for a long time. But it is said that such a business method cannot be adopted especially when the Asian countries are unable to make good their piled-up trade debts. As most South-East Asian countries are suffering from an acute foreign exchange shortage, of necessity they have been forced to depend on West German credits to import technical know-how and machinery from that country. It is too early to say whether British entry into the European Common Market would be beneficial to the Asian trade of West Germany. If the countries of South-East Asia are given facilities to enlarge their exports in a profitable manner they will continue to regard West Germany as their most valuable trading partner after Britain.

Excluding the trade with Japan, China, Hong Kong and Malaya the rest of the Asian trade of West Germany is primarily geared to meet the industrial needs of the national development programmes of these various countries, and consequently ordinary trade with her is very limited. It is this lack of orthodox trade which has prompted South-East Asia to fall back on German credits to import German goods.

South Vietnam, Thailand, Indonesia, Burma, India, Ceylon and Pakistan are receiving credits to finance industrial development projects. Part of such credits has been made free to enable recipient countries to buy industrial goods from non-Communist nations other than West Germany. On the whole, however, West German credits, both national and multilateral, are being substantially used to buy West German goods and to obtain West German technical assistance. While thus West Germany is contributing to the industrial development of South-East Asia, the very same development because of financial difficulties is making

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West Germany an economically powerful creditor nation. This is the reason why India, Pakistan, Ceylon, Burma and Indonesia are obtaining as much East-West credits as possible, so that their debts to West Germany do not exercise a detrimental influence on the conduct of their respective national economies.

In South-East Asia the sheet-anchor of West German Asian trade is India and yet the mutual commercial relations are far from satisfactory. After the United States, India constitutes the biggest overseas customer of West Germany consuming annually more than three per cent of her exports. Although India is receiving the largest slice of West German credits to Asian countries, West Germany so far has failed to organize an import structure to relieve the trade gap burden of India. It seems that so far as Asia is concerned it is necessary that West Germany should reshape its "free economy" to reduce as much as possible the prevailing one-way economic traffic.

The West German economic policy towards Asia remains unchanged on account of the recent fourth general elections. Some time ago all the parliamentary parties had approved a resolution which made aid to Asia a "moral obligation of Federal Germany". It is in pursuance of that obligation that West Germany has tentatively decided to give each year from 1961 a total of 2 billion marks for four to five years. More than half the credits for the first year has been given to India, the other half is being distributed among other South-East Asian countries.

Asian views on Germany and the Berlin problem expressed at the Belgrade Conference of the non-aligned nations have made the West German Government and political and economic circles think that they have been pursuing too much of a one-sided policy towards Asia. Therefore they are drawing up a revised plan to

reinforce cordial relations with South-East Asia through greater economic intercourse. This means that West Germany will offer to South-East Asia more easy long-term credits and technical assistance in the near future.

East Germany has doubled its trade with South-East Asia compared with last year and has granted credits in the shape of factory installations to India, Burma and Indonesia. It is also taking payments in local currencies. Consequently the East German factor and the Soviet trade push are swaying West Germany to extend more economic aid to South-East Asia without adhering rigidly to the business-first principle. It is generally assumed that Federal Germany in the course of this year will implement several economic measures to help the expansion of the export trade of South-East Asia.

Currently several Asian countries such as India, Indonesia, Burma and Ceylon, saddled with trade deficits, are feeling the need of overhauling their heavy purchases from West Germany. In other words, they are trying not to be dependent on West German industrial goods to achieve their national development programmes. Already West Germany has lost several plant-building contracts to Russia and other East European nations which are offering a very stiff competition to it in these countries. Furthermore Italy, Switzerland, France and the Scandinavian countries are competing with West Germany not only in normal trade but in obtaining plant-building assignments. Consequently West Germany no longer enjoys a sure position in South-East Asia. There is no doubt that sooner or later West Germany will have to reshape its economic thinking in order to fit in with the rapidly changing situations in Asia. The days of aggressive trade drives are definitely over.

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FOREIGN AID TO CEYLON

VICTOR KARUNARATNE

ONE of the first decisions taken by the present Government of Ceylon after coming to power was the establishment of a Special Department of Foreign Aid under the Prime Minister. Information available regarding the actual record of the department is, however, somewhat meagre. It does not appear to have made its mark yet, and it is to be hoped that this situation will soon be put right.

The importance of foreign aid does not seem to have been fully realised in Ceylon, judging from the country's failure both to use the facilities accepted as well as to bid for the aid allocations that were on offer. When a separate Planning Department was set up, there was hope that swift results would follow, but the processes of administration still appear to clog the channels through which foreign aid can flow.

Foreign aid is suffering by default, and benefits from it are being lost.

Foreign Aid and Loans amounting to nearly Rs. 900 million in terms of agreements received by Ceylon over a number of years from 11 foreign countries is available for allocation for various development projects, mostly in the form of capital goods and equipment for development purposes, while the rest consists of long-term credit facilities.

	Grant	Loan	Total
Australia	31.0	—	31.0
Canada	84.0	9.0	93.0
China	75.0	50.0	125.0
West Germany	6.8	—	6.8
New Zealand	12.3	—	12.3
Russia	—	142.8	142.8
Yugoslavia	—	73.0	73.0
Poland	—	38.0	38.0
United Kingdom	—	34.0	34.0
United States	184.0	101.0	285.0

Total 393.1 447.8 840.9
(all figures in million Rupees)

The figure of Rs. 285 million as aid offered by the United States includes a sum of Rs. 38 million representing the value of technical assistance granted by the US in the form of services rendered by US experts in Ceylon, training of Ceylonese abroad at US Government expense and the cost of any equipment supplied for the purpose of such technical assistance. It also includes Rs. 31 million available for the grant of loans by the United States Export-Import Bank to American and Ceylonese investors for economic development projects in Ceylon. Almost this entire amount remains unutilised.

The total of Rs. 840.9 million shown here as the value of total capital aid offered to Ceylon, does not include the West German Government loan of DM 40 million recently offered to Ceylon for economic development projects. Loans obtained from the International Bank and a further \$2 million of Canadian capital aid expected under their 1960-61 aid programme, have not been included either.

Out of the balance of Rs. 254 million Rs. 200 million had been spent up to the end of September 1960. The remaining has been allocated to specific projects which are in progress. It includes the Airport Development Loan of Rs. 15.2 million granted by the Development Loan Fund in January this year.

The sum of Rs. 34 million shown against the UK represents the loan for telecommunication development which was negotiated in March this year. The major portion of the Australian, Canadian and New Zealand aid has been utilized or has been

earmarked for projects which are already underway.

Of the loan of Rs. 142.8 million offered by the USSR, Rs. 4 million had been spent up to the end of September 1960. A substantial portion of this loan is intended for the steel rolling mill and the tyre and tube factory, about which negotiations are going on at the present moment.

The Chinese offer of Rs. 125 million includes a grant of Rs. 75 million. The supply of equipment and goods, including rolling stock for the railway and a textile spinning and weaving mill against the Rs. 75 million is being negotiated. A mission of Chinese experts has already visited Ceylon and discussed the supply of rolling stock to the Railway and another team is due this month for discussions on the supply of the textile spinning and weaving mill. Out of the Chinese loan of Rs. 50 million, a sum of Rs. 10.3 million had been spent up to the end of September 1960.

No use has yet been made of the Yugoslav and Polish offers. Projects suitable for financing under these two offers have yet to be found. It is necessary that such projects should have a substantial foreign cost component and that the items to be obtained within the foreign cost component should be procurable from the countries offering the aid. The purchase of ships has been suggested but a decision from the Government in regard to the establishment of a national shipping line as well as the determination of the number and type of ships to be purchased is still awaited.

Much of the burden of organising foreign aid to benefit the country lies today with the Foreign Aid Department which must necessarily work in close liaison with the Planning Department. It is they who should work out the country's needs, not on the basis of each department's assessments of what is required but on a national scale, where departmental wants are related to each other so that there will be no overlapping or wastage.

Finally, when a complete picture of national needs is drawn, with priorities established not by individual departments but by an overall organism, special vigilance needs to be exercised to ensure that no potential source of aid is neglected. Often it may be possible to stimulate aid by stating in clear terms what is required; obviously no country is willing to give Ceylon any aid on the basis of vague aspirations. The more all projects are backed with hard facts and figures, comprehensive plans and blueprints, the more these projects are integrated into a national pattern of development, the more likely is it that donor countries will be convinced that aid is needed for actual development rather than well-meaning programmes unsupported by cogent reasoning and factual analysis.

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INDONESIA SEEKS COOPERATION

(continued from page 15)

ore with high nickel content, of which Indonesia has millions of tons deposits, and Japan was now offering to exploit this ore for common steel making. Indonesia is likely to come to an agreement by which Japan will be able to obtain the ore, provided she builds a factory in Indonesia, puts the know-how of the process at Indonesia's disposal, and takes the processed ore. This is an example of how Indonesia is trying to get away from the colonial economy by declining to sell raw materials instead of processed or manufactured goods.

During the transitory period, of course, before her economy is changed by the implementation of the Plan, Indonesia will continue to export her traditional produce. Indeed, asked about his greatest problem, the Minister said: "As the most urgent, immediate and short-term problem, I will give my priority to the increasing and expanding of our exports. This export drive is imperative so as to obtain foreign exchange to pay for capital goods needed for our Eight-Year Plan. At the moment, the costs of the Plan are estimated to amount to a total of 240 billion Rupiahs,* of which about 40 billion Rp. will have to be covered by foreign credits. Therefore, we do not hesitate to continue to sell what we have to offer under present circumstances, and for the time being, our exports consist to a great extent of raw materials. As long as we cannot process them ourselves, we shall utilise them to get money. However, gradually we shall change the pattern of our exports to semi-manufactured or fully-manufactured goods. But first we have to build up."

* 11 = Rp. 126 45; US \$1 = Rp. 45.



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INDUSTRIAL AND COMMERCIAL NOTES

THAILAND'S BUDGET, 1961-62

The Constituent Assembly of Thailand has approved in principle the Government's appropriation bill for the new fiscal year which began October 1, 1961. The bill calls for total expenditures of B 8.88 billion and revenue of B 7.42 billion, leaving a deficit of B 1.46 billion, equivalent to 16 per cent of total expenditures, to be financed by borrowing from the Bank of Thailand from other sources.

An amount of B 1.5 billion (17 per cent of total expenditures) has been allotted to the Ministry of Defence. Other leading appropriations are those for the Ministries of Education and Interior, amounting to 16 and 15 per cent, respectively, of the total. Commitments for debt service comprise about 14 per cent of expenditures. Most of the remaining expenditures are for the various economic ministries and state enterprises. Of the total estimated receipts, tax revenues account for 93 per cent, of which direct taxes constitute about 8 per cent.

NEW LOW-FARE SERVICE BETWEEN KARACHI AND LAHORE

A new Night Coach Service, with fares reduced by 30 per cent, has been introduced by PIA between Karachi and Lahore. The new service is all-Tourist, and is operated by a Viscount with a high-density configuration of 64 seats. No meals or refreshments are served on board, and free baggage allowance is 30lbs. per passenger.

Fares for the 630-mile journey are Rs. 110 (£8.5.0) single and Rs. 198 (£14.17.0) return, against the normal fares of Rs. 160 (£12) and Rs. 288 (£21.12.0) respectively. The new fares are thus about 3.2d. (single) and 2.8d. (return) per passenger mile—among the lowest in the world.

This is PIA's second low-fare innovation this year. In March DC.3 'Airbus' Services at fares of again about 3d. per mile were

introduced in East Pakistan, and are to be extended to West Pakistan.

STEEL MILL FOR MALAYA

An Iron and Steel Mill estimated to cost \$52 million will be built on the West Coast by a joint Federation-Japan Company. This Company is to be called Malayawata. Fifty-one per cent of the capital will be raised by Malaysians and the Yawata Iron and Steel Company will provide the rest. The first stage, costing \$16 million, will begin from this month until March 1964 when it will produce 120,000 tons of sponge iron and 60,000 tons of small bars a year. The company will send 40 Malaysians to Japan for training.

The second stage, costing \$30 million, will be started after the completion of the Cameron Highlands Hydro - Electric Scheme.

SOVIET-JAPANESE TRADE

The Soviet fair in Tokyo, which followed the Japanese fair in Moscow, has helped to increase Soviet-Japanese trade. In 1960 trade between the USSR and Japan was two and a half times greater than in 1959.

While the Soviet fair was open in Tokyo contracts were signed for the purchase of Japanese goods to the value of 24 million dollars and for the sale of 36 million dollars' worth of Soviet goods.

Many Japanese companies expressed their willingness to sign long-term contracts with Soviet foreign trade agencies, not only for the period covered by the three-year agreement on trade and payments concluded in March 1960 but also for longer five- or six-year periods.

HUNGARY AND INDONESIA SIGN LONG-TERM TRADE PACT

Hungary and Indonesia have signed a long-term trade agreement which aims at planned development of trade between the two countries. The agreement is supplemented with contingent lists for three

years, on the basis of an annual increase in trade. Under the agreement Hungary guarantees favourable credit to Indonesia and will deliver investment goods to help industrial development in Indonesia under the country's Eight-Year Plan.

Other goods to be delivered by Hungary include road vehicles, machinery, electrical goods, textile industry products, drugs and chemicals. From Indonesia, Hungary will get rubber, oil seeds, oil cake, soya beans and coffee. The agreement also provides for wider trade, economic and scientific technical cooperation.

"BENGLOE" COMPLETES MAIDEN VOYAGE

Returning to London last September after the completion of her 20,000-mile maiden voyage to and from the Far East, the 13,290-ton cargo-passenger liner "Bengloe" created a number of new records for the Ben Line, despite having run en route in particularly heavy weather and the beginnings of some of the recent typhoons. "Bengloe" is the second of the Ben Line's new "Benloyal" class of cargo-passenger liners, which are among the most powerful vessels afloat, with service speeds of 18 knots.

On her homeward voyage, she was carrying large quantities of raw materials for British industry, including rubber, timber, latex and crocodile and snake skins. Also reflecting the advent of Christmas, were such manufactured goods as toys, Christmas tree decorations, artificial mistletoe and nativity sets.

CLOTHING FACTORY FOR MONGOLIA

Radio sets, telecommunications equipment, drugs and light industry products are going to Mongolia from Hungary under a trade agreement for 1962 signed in Ulan Bator. In return, Mongolia will supply Hungary with raw hides and traditional agricultural products.

Hungary is also assisting in the establishment of the clothing industry in Mongolia. Her designers have been commissioned to plan a ready-to-wear clothing factory to be built there by 1964.

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